

Message Text

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PAGE 01 HONG K 10698 060737Z

ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 L-03 H-01 NSC-05

SS-15 STR-04 CEA-01 PA-01 PRS-01 CU-04 AGRE-00

/090 W

-----110227 060738Z /17

R 060705Z SEP 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 6589

INFO USLO PEKING

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E.O. 11652: N/A

TAGS: EAGR, ECON, CH

SUBJ: THE SHORTCOMINGS OF CHINA'S STATE FARMS

1. AN AUGUST 20 PEOPLE'S DAILY EDITORIAL HAS ACKNOWLEDGED THE SHORTCOMINGS OF CHINA'S STATE FARMS. THE FRANKNESS OF THE ARTICLE INDICATES THAT PEKING SERIOUSLY INTENDS TO TACKLE THE PROBLEM OF ECONOMIC UNITS THAT ARE OPERATING AT A LOSS.

2. THE EDITORIAL POINTED OUT THAT STATE FARMS ARE POORLY MANAGED, AND ARE CHARACTERIZED BY LOW OUTPUT, HIGH PRODUCTION COSTS AND LARGE DEFICITS. FOR EXAMPLE, AS RECENTLY AS 1973 90 PERCENT OF HUPEH PROVINCE'S STATE FARMS WERE OPERATING AT A LOSS.

3. THE EDITORIAL COMPLAINED THAT IN 1975 ONLY ONE-FOURTH OF CHINA'S STATE FARMS MET THEIR GRAIN TARGETS, AND ONLY 10 PERCENT HAD BECOME ADVANCED TACHAI-TYPE FARMS. THESE STATISTICS DRAMATICALLY HIGHLIGHT THE INEFFICIENCY OF THE STATE FARMS. FOR DURING 1975, MORE THAN ONE-THIRD LIMITED OFFICIAL USE

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OF CHINA'S AGRICULTURAL COUNTRIES MET THEIR GRAIN TARGETS AND 15PERCENT REACHED ADVANCED TACHAI STATUS.

4. THE ARTICLE CITED SEVERAL REASONS FOR THE STATE FARMS' POOR PERFORMANCE, SUCH AS "PERSONAL GAIN AT THE EXPENSE OF THE PUBLIC INTEREST", POOR ACCOUNTING, WASTE, DEFICIT SPENDING, AND THE IDEA THAT "STATE ENTERPRISES SHOULD

BE SUPPORTED BY THE STATE". THE ARTICLE CONCLUDED THAT PROFITABILITY ON THE FARMS SHOULD BE CONSIDERED "A SOLEMN POLITICAL TASK".

5. COMMENT: STATE FARMS IN CHINA WERE ORIGINALLY ESTABLISHED IN 1950 ALONG THE LINES OF THE SOVIET MODEL. BY 1960, THERE WERE 2,500 STATE FARMS IN CHINA WITH A TOTAL ACREAGE OF 78 MILLION MOU (I.E., APPROXIMATELY FIVE PERCENT OF CHINA'S TOTAL ARABLE LAND). THE FARMS WERE PREDOMINANTLY LOCATED IN ISOLATED REGIONS AS A MEANS OF BRINGING NEW LAND UNDER CULTIVATION. BECUASE THEY ARE CONSIDERED STATE ENTERPRISES, THE FARMS HAVE RECEIVED GREATER INPUTS OF FARM MACHINERY, FERTILIZERS, AND TECHNICAL PERSONNEL THAN HAVE CHINA'S COMMUNES. STATE FARM WORKERS ARE PAID FIXED WAGES BY THE STATE. SINCE THE EARLY 1960'S, THEY HAVE BEEN VIRTUALLY IGNORED IN THE CHINESE PRESS.
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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FARMS, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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Disposition Remarks:
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